

# Office of Attorney General Terry Goddard



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## **Terry Goddard Settles with El Paso Natural Gas Company; Arizona Consumers Reap Benefits**

(Phoenix, Ariz. – December 27, 2004) Arizona Attorney General Terry Goddard today announced an agreement with El Paso Corporation and its subsidiaries that settles a lawsuit filed by the Attorney General's Office alleging that the company manipulated the supply of natural gas, resulting in price increases to Arizona consumers.

The March 2003 lawsuit alleged that the defendants conspired to reduce the transmission capacity in the El Paso Pipeline in an attempt to elevate natural gas prices in Arizona and increase profits.

"Arizona residents are the winners in this settlement," Goddard said. "The enhancements and improvements El Paso will make to the pipeline that supplies Arizona consumers are worth more than \$70 million and will help secure a safe supply of natural gas for the future growth of Arizona."

Pursuant to the settlement agreement, El Paso will:

- Pay \$3 million to the Low Income Energy Assistance Program.
- Spend approximately \$40 million to enhance its Phoenix-area pipeline. These enhancements will include increased storage capacity in the East Valley where massive growth is projected. Prior to this settlement, El Paso had no obligation to make these enhancements.
- Accelerate \$30 million in capital improvements for its Arizona Pipeline Integrity program by several years.
- Pay up to \$125,000 to commission an independent study to determine how to diversify Arizona's supply of natural gas.

- Provide \$250,000 for emergency preparedness/response training, including simulations and exercises for state officials.
- Spend approximately \$3 million to upgrade its Tucson station. The upgrade will save up to 60,000 gallons of water per year and greatly reduce noise pollution in the area.
- Pay \$2 million in attorneys' fees and costs.

The settlement agreement and stipulated dismissal were approved by Maricopa County Superior Court Judge Janet Barton. The State was represented Haralson, Miller, Pitt, Feldman & McAnally of Tucson.

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